



April 30<sup>th</sup>, 2007

Mr. Bill Ekern, Director  
Mr. Kip Harkness, Project Manager  
City of San Jose Redevelopment Agency  
200 East Santa Clara Street, 14<sup>th</sup> Floor  
San Jose, CA 95133-1905

Re: San Jose Medical Center  
Campus Evaluation

Gentlemen,

I am pleased to be part of your team that is evaluating the feasibility of reusing the existing San Jose Medical Center facility for Hospital and Medical Office Building uses. Over the past +/-20 years our firm and I have performed many similar studies. We have evaluated campuses for Kaiser Permanente, Stanford University Hospital, Stanford University Children's Hospital, Sutter Healthcare, Children's Hospital Los Angeles, Children's Hospital San Diego, Palomar/Pomerado and USC Tenet just to name a few. We are currently working on or just completed hospital projects for Kaiser Santa Clara, Kaiser Vacaville, Stanford Hospital, El Camino Hospital and Mount Diablo Hospital in northern California alone. These projects total well over 1 million square feet. The current cost to replace a hospital is running between \$500.00 and \$650.00/sf. This cost is expected to continue to climb at a rate exceeding 10%/year for the foreseeable future.

We have reviewed the seismic evaluation package provided to us. This packet included the Facility Condition – Financial Impact Memorandum dated 12/29/97, the Senate Bill 1953 Update letter dated 11/11/97, the Detailed SB 1953 Evaluation for the Oaks Building "Building 500" dated 4/13/00 and the Structural Narrative & Narrative Checklist dated 3/13/00. From this information along with our campus walk through held on 4/4/07, we have concluded that the only structure that could continue to provide health services would be the Mediplex Building. And this structure could only be used as a Medical Office Building. In general most of the current structures will not meet the requirements outlined by Senate Bill 1953, however most of the structures have additional problems as well. In our walk through, I noted that most structures will not meet current fire, life-safety, and ADA requirements. The buildings also have apparent hazardous materials problems. There were asbestos-containing materials evident in many locations. I would assume that there are also lead paint and PCB lighting ballast problems as well. It was also very apparent that most the current mechanical and electrical systems would have to be replaced. These additional concerns confirm our conclusion that the existing structures could not be retrofitted as hospitals.

This conclusion is based on the fact that the existing hospital structures would be not able to be licensed as a hospital without extensive revisions. The cost of these revisions would far exceed the cost of tearing down the existing structures and rebuilding new structures. In fact I do not believe that these buildings could economically be remodeled to fit any health care related uses. The only exception would be the Mediplex Building. The remodeled structures would also be less useful than new structures and cost more than new structures. This conclusion is consistent with the studies that we have performed for similar structures owned by other healthcare providers. Please note that I have not addressed the historical or cultural significance of these structures. I see this as a separate issue, one in which I am not qualified to render an opinion.

Respectfully,  
**RUDOLPH & SLETTEN INC.**

Michael Paul Mohrman  
Vice President – Estimating

CC: Robert Blanchard